MT LEGISLATIVE HISTORY

Year 1999, ch. 563

Bill # HB 260 Original bill & hist. ✓C

Joint Select Comm. on Jobs & Income 1/15; 1/19

H. Committee on Bus & Labor S. Committee on Finance & Claims

Hearing Date(s)			Hearing Date(s)		
	1/29	✓C		4/8	✓C
		C			C
		C			C
		C			C
Date Out	3/29	✓C	Date Out	4/9 (no minutes)	C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____

Minutes

Report

4/14	3rd Reading Passed as Amended by Senate	87	12
4/14	Sent to Enrolling		
4/15	Returned from Enrolling		
4/16	Signed by Speaker		
4/16	Signed by President		
4/16	Transmitted to Governor		
4/21	Signed by Governor		
4/22	Chapter Number Assigned		
	Chapter Number 398		
	Effective Date: 7/01/1999 - All Sections		

HB 258 Introduced by Cobb *LC1075 Drafter: Heffelfinger*

Provide an Appropriation for Online Internet Access to Information Collected by the Commissioner of Political Practices;...

1/12	Introduced and 1st Reading		
1/12	Referred to State Administration		
1/27	Hearing		
2/09	Committee Executive Action--Bill Passed as Amended	17	0
2/10	Committee Report--Bill Passed as Amended		
2/12	2nd Reading Passed	72	28
2/13	3rd Reading Passed	78	22
	Transmitted to Senate		
2/22	Referred to State Administration		
3/02	Hearing		
3/05	Committee Executive Action--Bill Concurred	5	0
3/06	Committee Report--Bill Concurred		
3/08	Taken from 2nd Reading; Rereferred to Finance and Claims	50	0
3/12	Hearing		
3/19	Tabled in Committee		
	Died in Standing Committee		

HB 259 Introduced by R. Johnson *LC0678 Drafter: C. Erickson*

Authorize the Department of Administration to Negotiate Transportation Contracts with Certain Intrastate Transportation Providers;...

1/12	Introduced and 1st Reading
1/12	Referred to Transportation
1/12	Fiscal Note Requested
1/18	Hearing
1/20	Fiscal Note Received
1/21	Fiscal Note Printed
2/08	Tabled in Committee
3/01	Missed Deadline for General Bill Transmittal

HB 260 Introduced by Mood, et al. *LC1434 Drafter: Higgins*

Encourage Economic Development Through Investment in Research and Commercialization Projects;...

By Request of Joint Select Committee on Jobs and Income

12/31	Fiscal Note Needed
1/12	Introduced and 1st Reading
1/12	Referred to Joint Select Committee on Jobs and Income

1/12	Fiscal Note Requested		
1/15	Hearing		
1/16	Fiscal Note Received		
1/19	Committee Executive Action--Bill Passed as Amended	10	0
1/19	Committee Report--Bill Passed as Amended		
1/20	Fiscal Note Signed		
1/25	Rereferred to Business and Labor		
1/25	Fiscal Note Printed		
1/29	Hearing		
3/26	Missed Deadline for Appropriation Bill Transmittal		
3/29	Committee Executive Action--Bill Passed as Amended	13	5
3/29	Committee Report--Bill Passed as Amended		
3/29	Revised Fiscal Note Requested		
	Transmitted to Senate		
3/30	Revised Fiscal Note Received		
3/30	2nd Reading Passed as Amended	55	45
3/30	3rd Reading Passed	52	48
3/31	Revised Fiscal Note Printed		
4/01	Referred to Finance and Claims		
4/08	Hearing		
4/09	Committee Executive Action--Bill Concurred as Amended	13	5
4/09	Committee Report--Bill Concurred as Amended		
4/12	2nd Reading Concurred as Amended	32	18
4/13	3rd Reading Concurred	32	18
	Returned to House with Amendments		
4/16	2nd Reading Senate Amendments Concurred	56	44
4/17	3rd Reading Passed as Amended by Senate	55	45
4/17	Sent to Enrolling		
4/19	Returned from Enrolling		
4/19	Signed by Speaker		
4/19	Signed by President		
4/20	Transmitted to Governor		
4/20	Returned to House with Governor's Proposed Amendments		
4/21	2nd Reading Governor's Proposed Amendments Concurred	53	46
4/21	3rd Reading Governor's Proposed Amendments Not Concurred	48	51
4/21	Reconsidered Previous Action on 3rd Reading		
4/21	3rd Reading Governor's Proposed Amendments Concurred	51	48
4/21	Transmitted to Senate for Consideration of Governor's Proposed Amendments		
4/21	2nd Reading Governor's Proposed Amendments Concurred	29	19
4/21	3rd Reading Governor's Proposed Amendments Concurred	31	18
4/21	Returned to House Concurred in Governor's Proposed Amendments		
4/22	Sent to Enrolling		
4/28	Returned from Enrolling		
4/28	Signed by President		
4/29	Signed by Speaker		
4/30	Transmitted to Governor		
5/06	Signed by Governor		
5/07	Chapter Number Assigned		
	Chapter Number 563		
	Effective Date: 7/01/1999 - All Sections		

BILL NO. HB 260

INTRODUCED BY _____
(Primary Sponsor)

BY REQUEST OF THE JOINT SELECT COMMITTEE ON JOBS AND INCOME

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE USE OF COAL SEVERANCE TAX FUNDS; ENCOURAGING ECONOMIC DEVELOPMENT THROUGH INVESTMENT IN RESEARCH AND COMMERCIALIZATION PROJECTS; ESTABLISHING A RESEARCH AND COMMERCIALIZATION TRUST FUND; ESTABLISHING A RESEARCH AND COMMERCIALIZATION ACCOUNT; TRANSFERRING A PORTION OF THE COAL TAX PERMANENT FUND TO THE RESEARCH AND COMMERCIALIZATION TRUST; ALLOCATING COAL SEVERANCE TAX FUNDS TO THE RESEARCH AND COMMERCIALIZATION TRUST FUND THAT WOULD OTHERWISE BE DEPOSITED IN THE COAL SEVERANCE TAX PERMANENT FUND; STATUTORILY APPROPRIATING COAL SEVERANCE TAX EARNINGS TO SUPPORT RESEARCH AND COMMERCIALIZATION CENTERS AND TO BE USED AS MATCHING FUNDS; AMENDING SECTIONS 17-5-703, 17-6-305, 17-6-308, AND 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, dedication to ongoing research and commercialization funding provides Montana with the opportunity to effectively compete in a rapidly changing global economy; and

WHEREAS, nonstate funding sources, including federal research and commercialization funding entities, seek a lasting commitment from the state to ensure that research and commercialization efforts are a funding priority in Montana; and

WHEREAS, the intention behind the coal severance tax and the coal tax permanent fund was to invest in the future of Montana and its citizens by strengthening the state's economic foundations; and

WHEREAS, productive economic possibilities, access to frontline research, and quality educational opportunities require an active and competitive research and commercialization base in Montana; and

WHEREAS, the development of a stable and diversified research and commercialization effort will help provide for a vibrant and diversified Montana economy.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

INTRODUCED BILL
HB 260

NEW SECTION. **Section 1. Purpose -- definition.** (1) The purpose of establishing a research and commercialization trust fund and a special revenue account in [sections 2 and 3] is to:

(a) provide a predictable and stable source of funding for research and commercialization projects conducted in the state that demonstrates to both private and public sources, including federal research granting agencies, that Montana recognizes the important contributions that research and commercialization endeavors offer to the state's basic industries;

(b) expand and strengthen research efforts for the state's basic industries to increase their economic impact on the state's economy; and

(c) expand research efforts into areas beyond the scope of the state's basic industries to diversify and strengthen the state's economic security through the creation of technology-based operations and long-term quality jobs.

(2) As used in [sections 2 and 3], "research and commercialization center" means the university of Montana-Missoula, Montana state university-Bozeman, or a private, nonprofit laboratory or research center.

NEW SECTION. **Section 2. Research and commercialization trust.** (1) There is a research and commercialization trust fund within the coal severance tax trust fund. The purpose of the fund is to establish a permanent source of funding for research and commercialization projects to be conducted at research and commercialization centers in the state.

(2) The research and commercialization trust fund must be invested by the board of investments. Earnings on the trust fund must be deposited in the special revenue account provided for in [section 3] for distribution pursuant to [section 3(3) and (5)].

NEW SECTION. **Section 3. Special revenue account -- use.** (1) There is an account within the state special revenue fund. The account and the interest income and earnings on the account are statutorily appropriated, as provided in 17-7-502, to the Montana jobs and income commission, provided for in [section 6 of LC 1224], for the purposes provided in this section.

(2) The establishment of the special revenue account in this section and the research and commercialization trust fund in 17-5-703 is intended to enhance the economic growth opportunities for Montana and constitute a public purpose.

(3) The special revenue account may be used only for loans or for matching funds for grants from nonstate sources that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana. An amount allocated for matching funds must be matched by at least a 1-to-1 ratio.

(4) The commission shall establish policies, procedures, and criteria that achieve the objectives in their research and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

(a) the project's potential to diversify or add value to a traditional basic industry of the state's economy;

(b) whether the project shows promise for enhancing technology-based sectors of Montana's economy or promise for commercial development of discoveries;

(c) whether the project employs or otherwise takes advantage of existing research and commercialization strengths within the state's public university and private research establishment;

(d) whether the project involves a realistic and achievable research project design;

(e) whether the project develops or employs an innovative technology;

(f) verification that the project activity is located within the state;

(g) whether the project's research team possesses sufficient expertise in the appropriate technology area to complete the research objective of the project; and

(h) verification that the project was awarded based on its scientific merits, following review by a recognized federal agency, philanthropic foundation, or other private funding source.

(5) The Montana jobs and income commission shall direct the state treasurer to distribute funds for approved projects. Unallocated interest and earnings from the special revenue account must be retained in the account. Repayments of loans and any agreements authorizing the commission to take a financial right to licensing or royalty fees paid in connection with the transfer of technology from a research and commercialization center to another nonstate organization or ownership of corporate stock in a private sector organization must be deposited in the account.

Section 4. Section 17-5-703, MCA, is amended to read:

"**17-5-703. Coal severance tax trust funds.** (1) The trust established under Article IX, section 5, of the Montana constitution is composed of the following funds:

(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;

(b) a treasure state endowment fund;

(c) a coal severance tax permanent fund;

(d) a coal severance tax income fund; ~~and~~

(e) a coal severance tax school bond contingency loan fund; and

(f) a research and commercialization trust fund.

(2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

(b) The amount in the coal severance tax bond fund in excess of the amount required in subsection (2)(a) must be transferred from that fund as provided in subsections (3) through (5).

(3) (a) ~~On January 21, 1992, and continuing as~~ As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.

(b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12 months.

(4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection (3).

(b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.

(5) (a) On July 1, 1999, the state treasurer shall transfer to the research and commercialization trust fund $100 million of the amount in the coal severance tax permanent fund. Beginning July 1, 2001, through June 30, 2015, the state treasurer shall quarterly transfer to the research and commercialization trust fund 25% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsections (3) and (4).

(b) The state treasurer shall monthly transfer from the research and commercialization trust fund to the special revenue account provided for in [section 3] the earnings on the fund necessary for funding approved projects or approved payments. Earnings not transferred to the special revenue account must be retained in the research and commercialization trust fund.

~~(5)~~(6) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."

Section 5. Section 17-6-305, MCA, is amended to read:

"**17-6-305. (Temporary) Investment of up to twenty-five percent of coal tax trust fund in Montana economy -- report by board.** (1) Subject to the provisions of 17-6-201(1), the board shall endeavor to invest up to 25% of the permanent coal tax trust fund established in 17-6-203(6) in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises. Investments made pursuant to this section do not include investments made pursuant to 17-6-309(2). For purposes of calculating the 25% of the permanent coal tax trust fund, the board shall include all funds listed in 17-5-703(1). The portion of the permanent coal tax trust fund administered by the Montana board of science and technology development pursuant to 17-6-308(3) may not be included in the 25% of the trust fund allocated to the board for in-state investment under this section.

(2) In determining the probable income to be derived from investment of this revenue, the long-term benefit to the Montana economy must be considered.

(3) The legislature may provide additional procedures to implement this section.

(4) The board shall include a report on the investments made under this section as a part of the information required by 17-7-111.

17-6-305. (Effective July 1, 1999) Investment of up to twenty-five percent of coal tax trust fund

in Montana economy -- report by board. (1) Subject to the provisions of 17-6-201(1), the board shall endeavor to invest up to 25% of the permanent coal tax trust fund established in 17-6-203(6) in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises. Investments made pursuant to this section do not include investments made pursuant to 17-6-309(2). For purposes of calculating the 25% of the permanent coal tax trust fund, the board shall include all funds listed in 17-5-703(1). The portion of the permanent coal tax trust fund contained in portfolios formerly administered by the Montana board of science and technology development and administered by the department pursuant to part 5 of this chapter is included in the 25% of the trust fund allocated to the board for in-state investment under this section. The portion of the permanent coal tax trust fund administered pursuant to 17-6-308(3) by the Montana commission on jobs and income, provided for in [section 6 of LC 1224], may not be included in the 25% of the trust fund allocated to the board for in-state investments under this section.

(2) In determining the probable income to be derived from investment of this revenue, the long-term benefit to the Montana economy must be considered.

(3) The legislature may provide additional procedures to implement this section.

(4) The board shall include a report on the investments made under this section as a part of the information required by 17-7-111."

Section 6. Section 17-6-308, MCA, is amended to read:

"**17-6-308. (Temporary) Authorized investments.** (1) Except as provided in subsections (2) and (3) and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.

(2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

(3) The board shall allow the Montana board of science and technology development, provided for in 2-15-1818, to administer $12.5 million of the permanent coal tax trust fund for seed capital project

loans or mezzanine financing loans and $11.1 million of the permanent coal tax trust fund for research and development project matching funds for projects at Montana public universities. The board may grant up to $2 million of interest and income from investments to research and development projects at Montana public universities. The research and development projects may include grant matching fund purposes. This authority does not extend beyond June 30, 1999, for seed capital project loans and beyond June 30, 1999, for research and development projects. Except for $915,000, all uncommitted seed capital funds must revert to the coal severance tax permanent fund. The department may use up to $75,000 each year of the seed capital funds for administrative purposes. The board of science and technology development, with the concurrence of the director of the department, may extend an additional loan to an existing seed capital portfolio company by up to $700,000. In the fiscal year ending June 30, 1998, the department shall transfer $250,000 of interest and earnings to the Montana supreme court to be used to fund the judges' retirement system. Until the Montana board of science and technology development makes a loan pursuant to the provisions of Title 90, chapter 3, the funds under its administration must be invested by the board pursuant to the provisions of 17-6-201. As seed capital and mezzanine financing loans made pursuant to this subsection are repaid, the proceeds of the seed capital portion of the Montana board of science and technology development loans must be deposited in the coal severance tax permanent fund until all loans have been repaid plus the amount of 7% simple interest for the years that the loans have been outstanding. The board shall calculate the amount of the interest charge. The board may use up to $25,000 of the repayments for administrative costs in the fiscal year ending June 30, 1997.

(4) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit corporations.

(5) Beginning July 1, 1999, all repayments proceeds in excess of $4.395 million must be deposited in the coal severance tax permanent fund. In the fiscal year ending June 30, 1998, the department shall transfer $250,000 from the interest and earnings from job investment loans to the Montana supreme court to be used to fund the judges' retirement system.

17-6-308. (Effective July 1, 1999) Authorized investments. (1) Except as provided in subsections (2) and (3) and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.

(2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

(3) The department shall manage the seed capital and research and development loan portfolios created by the former Montana board of science and technology development. The department shall establish an appropriate repayment schedule for all outstanding research and development loans made to the university system. ~~The department shall report the schedule to the 56th legislature. The department shall develop a business investment strategy for investing in Montana business and shall present the proposal to the 56th legislature.~~ The department is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by the Montana board of science and technology development as part of the seed capital and research and development loan portfolios. Until the department makes a loan pursuant to the provisions of part 5 of this chapter, the $915,000 in funds under its administration must be invested by the board pursuant to the provisions of 17-6-201. As loans made pursuant to part 5 of this chapter are repaid, the department may reinvest the principal in new loans pursuant to part 5 of this chapter. The board shall allow the Montana commission on jobs and income, provided for in [section 6 of LC 1224], to administer the research and commercialization trust fund for the purpose of creating funding for research and commercialization projects.

(4) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit corporations.

(5) Beginning July 1, 1999, all repayments proceeds in excess of $4.395 million must be deposited in the coal severance tax permanent fund. ~~In the fiscal year ending June 30, 1998, the department shall transfer $250,000 from the interest and earnings from job investment loans to the Montana supreme court to be used to fund the judges' retirement system.~~"

Section 7. Section 17-7-502, MCA, is amended to read:

"**17-7-502. (Temporary) Statutory appropriations -- definition -- requisites for validity.** (1) A

statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-30-195; 15-31-702; 15-36-324; 15-36-325; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-406; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-131; 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-161; 85-20-402; 87-1-513; 90-3-301; [section 3]; 90-4-215; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates July 1, 2001; pursuant to sec. 5, Ch. 461, L. 1997, the inclusion of 77-1-131 terminates October 1, 2003; and pursuant to secs. 13, 16(1), Ch. 549, L. 1997, the inclusion of 90-3-301 terminates July 1, 1999.)

17-7-502. (Effective July 1, 2008) Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-23-706; 15-30-195; 15-31-702; 15-36-324; 15-36-325; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; [16-1-406;] 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-3-222; 17-5-404; 17-5-804; 17-6-101; 17-7-304; 18-11-112; 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-205; 19-19-305; 19-19-506; 20-8-107; 20-9-361; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 42-2-105; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150; 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 87-1-513; [section 3]; 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for supplemental benefit; and pursuant to sec. 68(2), Ch. 422, L. 1997, this version becomes effective July 1, 2008.)"

NEW SECTION. **Section 8. Fund transfer.** The state treasurer shall transfer up to $7,500,000 from the general fund to the special revenue account provided for in [section 3], for the biennium ending July 1, 2001, according to a project approval schedule developed by the department of commerce.

NEW SECTION. **Section 9. Codification instruction.** [Sections 1 through 3] are intended to be codified as an integral part of Title 90, chapter 3, and the provisions of Title 90, chapter 3, apply to [sections 1 through 3].

NEW SECTION. **Section 10. Coordination instruction.** If [LC 1224] is not passed and approved, then [this act] is void.

NEW SECTION. **Section 11. Effective date.** [This act] is effective July 1, 1999.

- END -

FISCAL NOTE

Bill #: **HB0260** **Title:** **Establish research and commercialization funding mechanism**

Primary Sponsor: **Douglas Mood** **Status: As introduced**

Sponsor signature Date Dave Lewis, Budget Director Date

Fiscal Summary

	FY2000 Difference	FY2001 Difference
Expenditures:		
General Fund	$3,750,000	$3,750,000
State Special Revenue	10,550,000	10,350,000
Revenue:		
General Fund	($6,800,000)	($6,600,000)
State Special Revenue	10,550,000	10,350,000
Net Impact on General Fund Balance:	**($10,550,000)**	**($10,350,000)**

Yes	No		Yes	No	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce:

Board of Investments:

1. The Permanent Coal Tax Trust under current law is partitioned into 5 subfunds: 2 of the subfunds, the Permanent Fund, and the Treasure State Endowment Fund each currently receive approximately 50% of new coal tax revenues dedicated to the trust.
2. All interest income from the Permanent Fund is currently deposited into the general fund.

HB 260

3. All income from the Treasure State Endowment Fund is legislatively appropriated for infrastructure grants.
4. HB260 establishes an additional subfund (a Research and Commercialization Trust Fund) within the Permanent Coal Tax Trust.
5. Effective July 1, 1999, $100 million dollars would be transferred from the Permanent Fund to the Research and Commercialization Trust Fund. The $100 million to be transferred from the Permanent Fund to the Research and Commercialization Trust Fund is currently invested in the Trust Funds Bond Pool. The transfer of trust fund pool shares from one account to the other will be made at book value so there will be no gain or loss on the transaction.
6. Section 4 of HB260 deals with the transferring of excess coal severance tax bond funds. The distribution would dedicate revenues as described in the following table, but would have no impact on the Fy2001 biennium:

Effective Dates	Treasure State	Research & Commercialization	Permanent Trust	Totals
07/01/93 – 06/30/01	50.00%	0.00%	50.00%	**100.00%**
07/01/01 – 06/30/13	50.00%	12.50%	37.50%	**100.00%**
07/01/13 – 06/30/15	0.00%	25.00%	75.00%	**100.00%**

7. Trust funds bond pool investment earnings are 6.8% for FY 2000 and 6.6% for FY 2001. Interest is not compounded because it is expended.
8. Section 8 of HB260 requires that the state treasurer transfer $7.5 million from the general fund to the state special revenue account provided for in Section 3, for the biennium ending July 1, 2001, according to a project approval schedule developed by the Department of Commerce. It is assumed that funds would be transferred equally in each year of the biennium ($7.5 million / 2 years = $3.75 million each year).
9. Research and Commercialization loans and grants are estimated to be $20.9 million for the biennium, with $10.55 million being distributed in FY 2000 and $10.35 million being distributed in FY 2001.

FISCAL IMPACT:

	FY2000 Difference	FY2001 Difference
Department of Commerce:		
Expenditures:		
Loans/Grants	$10,550,000	$10,350,000
Transfers	3,750,000	3,750,000
TOTAL	$14,300,000	$14,100,000
Funding:		
General Fund (01)	$3,750,000	$3,750,000
State Special Revenue (02)	10,550,000	10,350,000
TOTAL	$14,300,000	$14,100,000
Revenues:		
General Fund (01)	($6,800,000)	($6,600,000)
State Special Revenue (02)	$10,550,000	$10,350,000

Net Impact to Fund Balance (Revenue minus Expenditure):		
General Fund (01)	($10,550,000)	($10,350,000)
State Special Revenue (02)	0	0

LONG-RANGE IMPACTS:
HB 260 permanently reduces income to the general fund.

TECHNICAL NOTES:
1. New Section 1 states that the Research and Commercialization Trust Fund must be invested by the Board of Investments (Board).
2. Section 6 states that the board (Board of Investments) shall allow the Montana Commission on Jobs and Income to administer the Research and Commercialization Trust Fund and Section 5 excludes that fund from the 25% of the Permanent Coal Tax Trust fund allocated to the board for in-state investments.
3. It is the state special revenue account established in New Section 3 that would be administered by the Commission, rather than the trust fund that would be invested by the board.
4. Section 3 of HB260 doesn't allow for the expenditure of interest income and earnings for administrative costs. Adoption of an amendment to HB260 allowing for administrative cost expenditures would reduce the general fund administrative expenditures proposed in HB238, which creates the Montana Jobs and Income Commission , by approximately 50% or $180,538 in FY 2000 and $174,162 in FY 2001.

DEDICATION OF REVENUE:

a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)

HB260 establishes a statutorilyiappropriated state special revenue account for the Montana Jobs and Income Commission for research and commercialization projects. The purpose of the SSR account is to provide a predictable and stable source of funding for research and commercialization projects, and to encourage the diversification of Montana's economy through a strong technology based economic sector.

b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

By placing the proceeds of this proposed legislation into a state special revenue account the Legislature is assured that the program is enacted and working as intended. The Commission would be given the flexibility to respond to the rapidly changing global economy quickly.

c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? _X_Yes ____No (if no, explain)

d) Does the need for this state special revenue provision still exist? _X_Yes ___No (Explain)

HB0260 establishes a state special revenue account for the Montana Jobs and Income Commission for research and commercialization projects. The purpose of the SSR account is to provide a predictable and stable source of funding for research and commercialization projects, and to encourage the diversification of Montana's economy through a strong technology based economic sector.

e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)

No, the establishment of a SSR will not hinder the Legislature's ability to scrutinize budgets, control expenditures or establish priorities. A SSR account will assist in each of these items and the Commission will regularly prepare reports for the Legislature as to the status of its activities.

f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

Yes, provided the Legislature would continue to mandate state responsibility for the Research & Commercialization Program.

g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

The dedicated revenue provision, which is required in the proposed legislation, would provide accounting efficiencies within the Department of Commerce. It would allow for the quick and accurate analysis of how effective and efficient the Research & Commercialization Program is. If this proposal were to be funded through the general fund it would be much more difficult to determine program effectiveness and efficiency and to quickly respond to the rapidly changing global economy

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN BRUCE SIMON**, on January 29, 1999 at 8:00 A.M., in Room 104 Capitol.

ROLL CALL

Members Present:

Rep. Bruce Simon, Chairman (R)
Rep. Bob Pavlovich, Vice Chairman (D)
Rep. Paul Sliter, Vice Chairman (R)
Rep. Joe Barnett (R)
Rep. Rod Bitney (R)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Roy Brown (R)
Rep. David Ewer (D)
Rep. Carol C. Juneau (D)
Rep. Billie Krenzler (D)
Rep. Bob Lawson (R)
Rep. Gay Ann Masolo (R)
Rep. Gary Matthews (D)
Rep. Joe McKenney (R)
Rep. Carolyn Squires (D)
Rep. Jay Stovall (R)
Rep. Cliff Trexler (R)

Members Excused: Rep. Carley Tuss (D)

Members Absent: None.

Staff Present: Stephen Maly, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 260 AND HB 390 (1/26/99; HB 394 AND HB 396 (1/27/99)
Executive Action: HB 337, HB 390, HB 394

HEARING ON HB 260

Sponsor: Rep. Mood, HD 58 introduced HB 260.
{Tape : 1; Side : A; Approx. Time Counter : 0 - 81}

Proponents' Testimony:
Dr. Peter Blouke, Director of MT Dept. of Commerce.
{Tape : 1; Side : A; Approx. Time Counter : 81 - 99}

Dick Croft, MT Commissioner of Higher Education
{Tape : 1; Side : A; Approx. Time Counter : 99 - 146}

Evan Barrett, MT Economic Development Assn.
{Tape : 1; Side : A; Approx. Time Counter : 146 - 193}

Mike Malone, President of Montana State University
{Tape : 1; Side : A; Approx. Time Counter : 193 - 231}

Tom McCoy, Vice President of Research at Montana State University
EXHIBIT(1) EXHIBIT(2) EXHIBIT(3)
{Tape : 1; Side : A; Approx. Time Counter : 231 - 353}

Ralph Hutchinson, Scientific Materials Assn.
{Tape : 1; Side : A; Approx. Time Counter : 353 - 449}

Judy Fredenburg, University of Montana
{Tape : 1; Side : A; Approx. Time Counter : 449 - 474}

Ralph Peck, Director of Montana Dept. of Agriculture
{Tape : 1; Side : A; Approx. Time Counter : 474 - 500}

Carl Schwitzer, Bozeman Chamber of Commerce
{Tape : 1; Side : A; Approx. Time Counter : 500 - 506}

Ron de Young, Montana Farmers Union
{Tape : 1; Side : A; Approx. Time Counter : 506 - 512}

Bob Stephens, Montana Independent Graingrowers Assn.
{Tape : 1; Side : B; Approx. Time Counter : 0 - 8}

Jake Ankeny, Montana State University Students
{Tape : 1; Side : B; Approx. Time Counter : 8 - 36}

Opponents: None

Questions from Committee Members and Responses:
Committee questions proponents.
{Tape : 1; Side : B; Approx. Time Counter : 36 - 500}
{Tape : 2; Side : A; Approx. Time Counter : 0 - 151}

Closing by Sponsor: Rep. Mood closed HB 260.
{Tape : 2; Side : A; Approx. Time Counter : 151 - 198}

HEARING ON HB 394

Opening Statement by Sponsor: Rep. Ahner HD 51 introduces HB 394.
{Tape : 2; Side : A; Approx. Time Counter : 198 - 238}

Proponents' Testimony: None

Opponents' Testimony:
Gary Willis, Montana Power Co.
{Tape : 2; Side : A; Approx. Time Counter : 238 - 294}

Jim Brown, Division Administrator for MT Building Codes Division of Dept. of Commerce.
{Tape : 2; Side : A; Approx. Time Counter : 294 - 459}

Questions from Committee Members and Responses:
Rep. Krenzler questions Jim Brown.
{Tape : 2; Side : A; Approx. Time Counter : 459 - 489}

Closing by Sponsor: Rep. Ahner closed HB 394.
{Tape : 2; Side : A; Approx. Time Counter : 489 - 500}

HEARING ON HB 390

Opening Statement by Sponsor: Rep. Lawson HD 80 introduced HB 390.
{Tape : 2; Side : B; Approx. Time Counter : 0 - 51}

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN BRUCE SIMON**, on March 29, 1999 at 9:00 A.M., in Room 104 Capitol.

ROLL CALL

Members Present:

Rep. Bruce Simon, Chairman (R)
Rep. Bob Pavlovich, Vice Chairman (D)
Rep. Paul Sliter, Vice Chairman (R)
Rep. Joe Barnett (R)
Rep. Rod Bitney (R)
Rep. Roy Brown (R)
Rep. David Ewer (D)
Rep. Carol C. Juneau (D)
Rep. Billie Krenzler (D)
Rep. Bob Lawson (R)
Rep. Gay Ann Masolo (R)
Rep. Gary Matthews (D)
Rep. Joe McKenney (R)
Rep. Carolyn Squires (D)
Rep. Jay Stovall (R)
Rep. Cliff Trexler (R)
Rep. Carley Tuss (D)

Members Excused: Rep. Sylvia Bookout-Reinicke (R)

Members Absent: None.

Staff Present: Stephen Maly, Legislative Branch
Pati O'Reilly, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 260, SJR 15, (3/26/99)
Executive Action: HB 260, SJR 15,

HEARING ON HB 260

Opening Statement by Sponsor: Rep. Sliter, HD 76 introduces HB 260. EXHIBIT(1)
{Tape : 1; Side : A; Approx. Time Counter : 0 - 194}

Proponents' Testimony: Governor Racicot,
{Tape : 1; Side : A; Approx. Time Counter : 194 - 233}

Dick Croft, Commissioner of Higher Ed
{Tape : 1; Side : A; Approx. Time Counter : 233 - 261}

Mr. Malone, Pres of MSU
{Tape : 1; Side : A; Approx. Time Counter : 261 - 287}

Frank Gilmore, Chancellor of Montana Tech
{Tape : 1; Side : A; Approx. Time Counter : 287 - 298}

Kathy Conover, MSU EXHIBIT(2)
{Tape : 1; Side : B; Approx. Time Counter : 77 - 90}

John Youngblood, Montana Farmers Assn.
{Tape : 1; Side : B; Approx. Time Counter : 90 - 100}

Nancy Warneke, Salish and Kootenai Tribes
{Tape : 1; Side : B; Approx. Time Counter : 100 - 119}

Chuck Merja, Farmer from Gt Falls.
{Tape : 1; Side : B; Approx. Time Counter : 119 - 145}

Jennifer Salsbury, Montana Stockgrowers Assn.
{Tape : 1; Side : B; Approx. Time Counter : 145 - 150}

Randy Johnson, Montan Grain growers Assn.
{Tape : 1; Side : B; Approx. Time Counter : 150 - 160}

Ron de Young, Montana Farmers Union
{Tape : 1; Side : B; Approx. Time Counter : 160 - 193}

Opponents' Testimony: Vernal Bertelson, Montana Sr. Citizens Assn.
{Tape : 1; Side : A; Approx. Time Counter : 298 - 500}
{Tape : 1; Side : B; Approx. Time Counter : 0 - 77}

Don Judge,AFL-CIO

{Tape : 1; Side : B; Approx. Time Counter : 193 - 275}

Questions from Committee Members and Responses: None

Closing by Sponsor: Rep. Sliter closes SB 260. EXHIBIT(3)
{Tape : 1; Side : B; Approx. Time Counter : 275 - 386}

EXECUTIVE ACTION ON HB 260

Motion/Vote: REP. SLITER moved that HB 260 DO PASS. Motion carried 13-5 with Ewer, Juneau, Krenzler, Squires, and Tuss voting no.
{Tape : 1; Side : B; Approx. Time Counter : 386 - 500}
{Tape : 2; Side : A; Approx. Time Counter : 0 - 500}

HEARING ON SJR 15

Opening Statement by Sponsor: Senator Fred Thomas, SD 31 introduces SJR 15.
{Tape : 2; Side : A; Approx. Time Counter : 0 - 49}

Proponents' Testimony: Nancy Butler, State Fund
{Tape : 2; Side : A; Approx. Time Counter : 49 - 88}

Kevin Braun, Montana Dept. of Labor
{Tape : 2; Side : A; Approx. Time Counter : 88 - 102}

Opponents' Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor: Senator Thomas closed SJR 15.
{Tape : 2; Side : A; Approx. Time Counter : 102 - 119}

EXECUTIVE ACTION ON SJR 15

Motion/Vote: REP. KRENZLER moved that SJR 15 BE CONCURRED IN. Motion carried unanimously.
{Tape : 2; Side : A; Approx. Time Counter : 119 - 140}

MINUTES

MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on April 8, 1999 at 7:05 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 135, HB 313, HB 79, HB 389, HB 660, SB 534, 4/19/1999
Executive Action: HB 260, HB 660, SB 534, HB 389

Proponents: **Terry Minow,** Montana Federation of Teachers and State Employees
Debra Dirkson, Department of Public Health and Human Services **(DPHHS)**
Don Judge, Montana AFL-CIO

Opponents: None

Opening Statement by Sponsor:

REP. MENAHAN passed out the amendment, **EXHIBIT(22).** There were $3,000,000.00 of appropriations added in the House. Someone also had mistakenly added $1,000,000.00, instead of $1.00. This bill allowed the state hospital employees effected by the downsizing to be paid severance pay. This was negotiated at the time the decision was made to build a new facility.

Proponents' Testimony:

Terry Minow, Montanan Federation of Teachers and State Employees, read **EXHIBIT(23).**

Debra Dirkson, DPHHS, rose in support of the bill. There are currently 428 employees at the hospital. The staff reduction would be 100 people. The average tenure was 14 years, so the severance packages were for people who had dedicated years to the state. The department's budget did not provide for the severance packages.

Don Judge, Montana AFL-CIO, supported **HB 660.**

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. MENAHAN explained some jobs were being eliminated, while some were retiring. This bill covered both.

HEARING ON HB 260

Sponsor: **REP. DOUG MOOD, HD 58, SEELEY LAKE**

Proponents: **Peter Blouke,** Department of Commerce
REP. BOB PAVLOVICH, HD 37, BUTTE
Dick Crofts, Commissioner of Higher Education
Ralph Peck, Department of Agriculture
Mike Malone, Montana State University

John Youngberg,	Montana Farm Bureau
Candice Payne,	Women Involved in Farm Economics (WIFE)
Ken Maki,	Montana Farmers Union
Bob Stephens,	Montana Grain Growers Association
Hal Stearns,	University of Montana
Jim Davidson,	Montana Economic Development Association
Jim Smitham,	Montana Ambassadors
Evan Barrett,	Montana Economic Development
Gloria Paladicheck,	Richland Economic Development

Opponents:

Verner Bertelson,	Montana Senior Citizens Association
Don Judge,	Montana AFL-CIO
REP. BOB RANEY, HD 26, LIVINGSTON	
REP. HAL HARPER, HD 52, HELENA	
SEN. GREG JERGESON, SD 46, CHINOOK	
SEN. MACK COLE, SD 4, HYSHAM	
Don Hoffman,	Department of Revenue

Opening Statement by Sponsor:

REP. MOOD stated this bill appropriates $9,900,000.00 per year to match **epscone** grants. The money would be appropriated annually by a council, and the emphasis was on improving jobs and income for the state. The grants would be used for research and agriculture. The financing was originally tied to **HB 2** because the General Fund would not support the appropriation. **REP. MOOD** handed out **EXHIBIT(24)**, **EXHIBIT(25)**, **EXHIBIT(26)**, and **EXHIBIT(27)**. There were charts containing the same information that **REP. MOOD** explained to the committee. ***{Tape : 3; Side : B; Approx. Time Counter : 11:00}*** **REP. MOOD** handed out **EXHIBIT(28)** and **EXHIBIT(29)**. These were proposed amendments to the bill.

Proponents' Testimony:

Peter Blouke, Department of Commerce, stated funding for the Growth through Agriculture Program and the Regional Water System in **SB 220** were contained in the amendments. **Mr. Blouke** handed out **EXHIBIT(30)**, and thought jobs improving the infrastructure in the state, and counteracting the rapid expansion of the aging population were needed. **Mr. Blouke** felt younger people with families would relocate in the state if job opportunities were developed.

REP. BOB PALVOVICH rose in support of the bill. **REP. PALVOVICH** thought the permanent trust money should be used to develop a solution to the problems with the open pit in Butte.

Dick Crofts, Commissioner of Higher Education, advised research and development was critical for the survival of the state. **Mr. Crofts** supported this bill.

Ralph Peck, Department of Agriculture, rose in support of the bill, and stated recommendations from the 2005 task force were incorporated in the bill.

Mike Malone, Montana State University, stated the Bozeman campus completed 60% of the research done by the university system. Last year over $52,000,000.00 worth of research was done. Most of the funding was Federal, and the money in this bill would allow the required match for the **epscone** grants.

John Youngberg, Montana Farmers Bureau, felt this would provide a long term permanent solution to research. **Mr. Youngberg** cited several examples of the research being performed at the universities.

Candice Payne, WIFE, supported the bill. **Ms. Payne** felt if Montana was to maintain a future in agriculture this was needed.

Ken Maki, Montana Farmers Union, stated in the past the union supported using the interest. There are tough issue to address, and the state needs to do something to get back on track.

Bob Stephens, Montana Grain Growers Association, rose in support of the bill.

Jim Davidson, Montana Economic Development, rose in support of the bill.

Hal Stearns, University of Montana, rose in support of the bill. **Mr. Stearns** explained he attended a school reunion last summer, and the majority of the people were employed put of the state. The people wanted to live in Montana, it was not economically feasible.

Jim Smitham, Montana Ambassadors, advised economic development was a long term investment, and felt this was a good investment for the trust money.

Evan Barrett, Montana Economic Development, liked the research funding contained in this bill. The money would also fund agriculture research. **Mr. Barrett** stated the bill funds research

and development, the jobs and income development, rural water systems, TSEP, and expands the capacities of the Coal tax Trust bonding.

Gloria Paldicheck, Richland Economic Development, stated the vehicle was important, not which one. The counties needed research money, water projects, and economic development. **Ms. Paladicheck** advised the coal tax money was largely gathered from Eastern counties, and those counties should be a part of the future development. ***{Tape : 3; Side : B; Approx. Time Counter : 11:20}***

Opponents' Testimony:

Verner Bertelsen, Montana Senior Citizen Association, read **EXHIBIT(31)**.

Don Judge, AFL-CIO, advised he supported development in the state, however he could not support the funding source. **Mr. Judge** felt the changes in agriculture would not be corrected by research, they were a result of changing times and automation. ***{Tape : 4; Side : A; Approx. Time Counter : 11:30}***

REP. BOB RANEY, stated this was not a good solution, and the Department of Commerce was being rewarded for not doing a good job. **REP. RANEY** referred to page 13 of the bill, and reviewed the board set-up and responsibilities. **REP. RANEY** felt the new money being added to the General Fund through utility taxes should be prioritized and used instead of the trust.

REP. HAL HARPER, supported the concept of the bill but this scheme for funding and reimbursement was wrong. **REP. HARPER** advised the Coal Trust has been constitutionally established, and he believed this use was unconstitutional. **REP. HARPER** advised this had been tried in the with past the Canola Plant in Great Falls. **REP. HARPER** urged the committee to support the idea of the bill, and change the funding.

SEN. GREG JERGESON, explained he supported the end, but could not support the means. **SEN. JERGESON** handed out **EXHIBIT(32)** and reviewed his concerns. **SEN. JERGESON** felt this would be challenged in court and it was unconstitutional.

SEN. MACK COLE stated if the legislature wanted to stimulate the economy, the coal tax should be lowered. **SEN. COLE** reviewed the tax discrepancies between Montana and Wyoming, and felt there would be a problem selling Montana coal when the Tongue River Railroad was built.

Informational Testimony:

Don Hoffman, Department of Revenue, supported the amendments in exhibit 28.

Questions from Committee Members and Responses:

SEN. MOHL stated when **Mr. Blouke** opened his statement he said this was a Jobs and Income measure. There has been a jobs and income program for 15 years and **SEN. MOHL** wanted to know how this was different. **Mr. Blouke** felt the past programs never had the resources to aggressively recruit and assist businesses. **Mr. Blouke** advised this was not corporate welfare, and this money would help smaller Montana businesses.

SEN. MAHLUM stated this bill added another layer of bureaucracy and the Department of Commerce should be able to do this. **Mr. Blouke** stated the purpose of the board was to review research grant requests to insure the relationship between them, and improving Montana's economy. **SEN. MAHLUM** thought the department should have someone who could do that now. **Mr. Blouke** felt there needed to be outside review.

SEN. WATERMAN wanted clarification for the funding of the board. **Mr. Blouke** advised the funding would come from allocation of research. **SEN. WATERMAN** stated she understood the wording to mean funds can only be spent on loans for matching grants.

SEN. WATERMAN wanted to know how the grants were reviewed now. **Dick Crofts**, Commissioner of Higher Education, advised it was a peer review, and they were required to have some relevance to economic development for Montana. **SEN. WATERMAN** stated this was a second review.

SEN. WATERMAN advised the original review board was going to review the entire process and wanted to know why that board had their duties reduced. **REP. MOOD** advised it was because the House killed the Jobs and Income Commission. **REP. MOOD** felt it was better to have citizens review the grants. **SEN. WATERMAN** pointed out there would be three levels of review. **REP. MOOD** felt there would be more than that because the Federal government would also review the grants.

SEN. TOEWS asked to postpone action on the bill until he could research the impact to the General Fund under **SEN. JERGESON's** proposal. ***{Tape : 4; Side : A; Approx. Time Counter : 12:00}***

Closing by Sponsor:

REP. MOOD advised the process had been slowed to a crawl and it was frustrating. **REP. MOOD** disagreed with **SEN. JERGESON'S** concerns. **Greg Petesch**, Legislative Legal Division, had reviewed the legality of the bill, and did not feel it was unconstitutional. **REP. MOOD** felt the present system of lending to the university system was wrong, and should be corrected. **REP. MOOD** did not feel there was any better use for the trust money than the development of Montana. If there was not investment in the state there would be nothing left to worry about. **REP. MOOD** felt the citizen board was important because it contained people outside of the system.

The committee recessed until 4:33

HEARING ON SB 534

Sponsor: **SEN. BOB KEENAN, SD 38, BIGFORK**

Proponents:

Mona Jamison,	Shodair Hospital
Donald Harr,	Montana Psychiatric and Mental Health Association **(MPMHA)**
Bob Olsen,	Mental Health Association **(MHA)**
Kip Smith,	Montana Primary Care Association
Andrea Merrill,	Mental Health Association
Dan Anderson,	Department of Public Health and Human Services
Craig Littlefield,	Children's Comprehensive Service **(CCS)**
Art Noonan,	Aware Inc.
Kathy McGowen,	Montana Association of Mental Health Centers

Opponents:

Opening Statement by Sponsor:

SEN. KEENAN handed out **grey bill #4 EXHIBIT(33)**, and read **EXHIBIT(34)**, the changes in the bill.

Proponents' Testimony:

Mona Jamison, Shodair Hospital, supported the bill, but requested an amendment to allow the use of impatient beds for children at Shodair Hospital and CCS. **Ms. Jamison** advised without the amendment children would be forced to go to Billings Deaconess, no matter how far away they lived. **Ms. Jamison** explained CCS and